

FISCAL YEAR 2018**STATE CLEAN DIESEL GRANT PROGRAM****WORK PLAN AND BUDGET NARRATIVE TEMPLATE**

INSTRUCTIONS: States and territories applying for FY 2018 DERA State Clean Diesel Grant Program funding must use this template to prepare their Work Plan and Budget Narrative.

Please refer to the FY 2017-2018 STATE CLEAN DIESEL PROGRAM INFORMATION GUIDE for full Program details, eligibility criteria and funding restrictions, and application instructions.

SUMMARY PAGE

Project Title: Florida Diesel Emissions Mitigation Program for Federal Fiscal Year (FY) 2017 and 2018 DERA Funding

Project Manager and Contact Information

[Redacted Project Manager and Contact Information]

Project Budget Overview:

	FY 2017*	FY 2018
EPA Base Allocation	\$301,990	\$282,020
State or Territory Matching Funds	\$301,991	\$282,020
EPA Match Incentive	\$150,995	\$141,010
Mandatory Cost-Share	As required by category	As required by category
TOTAL Project	\$754,976	\$705,050

*FY 2017 budget is only for states and territories with open FY 2017 State DERA grants

Project Period

October 1, 2017 – September 30, 2020 (consolidating FY 2017 and FY 2018 DERA funding and requesting a one-year extension for FY 2018)

Summary Statement

As stated in the DERA application materials from FY 2017 (Grant No. DS00D63117), the Florida Department of Environmental Protection (Department) intends to use available FY 2017 grant funding and is applying for FY 2018 grant funding in conjunction with funds made available to the State of Florida from the Volkswagen Environmental Mitigation Trust (Trust). The Department intends to use funds from the Trust for the state's voluntary match. Florida became a beneficiary of the Trust on January 30, 2018, following a longer-than-expected legal

process to establish the Trust. This has delayed implementation of Florida's FY 2017 DERA projects.

On February 7, 2018, the Department distributed a Request for Information (RFI) to various Florida-based entities that may own eligible Airport Ground Support Equipment (AGSE) units. The Department provided 30 days for these entities to respond to the RFI. The Department is currently reviewing the RFI responses and following-up with responding entities to identify potential project partners. The Department intends to identify these project partners within the next 30 days.

Once the Department has identified the project partners, it will draft grant agreements specifying the requirements, scope, and budgets for the DERA projects. The Department intends to finalize these grant agreements in July 2018.

The Department has preliminarily determined that these potential project partners own and operate more than enough eligible units to exhaust the FY 2017 DERA funds allocated to Florida, including the state's voluntary match. The Department, therefore, is submitting the Fiscal Year 2018 DERA State Clean Diesel Grant Program Work Plan to be combined with the Department's current FY 2017 funding. At present, the Department intends to use all FY 2017 and FY 2018 DERA funds on AGSE projects.

The Department was also successful in securing nonrecurring budget authority from the Florida Legislature to draw down DERA funding for FY 2017 projects. This budget authority will become available on July 1, 2018. The Department will seek additional budget authority for FY 2018 DERA projects in the next annual Florida Legislative Session in 2019.

The Department maintains a website that provides the public with information on DERA programs and details past DERA-related projects in the state: <https://floridadep.gov/air/air-director/content/diesel-emissions-reduction-act-dera-florida>

SCOPE OF WORK

STATE/TERRITORY GOALS AND PRIORITIES:

Florida has excellent air quality. All of Florida is in attainment for the following criteria pollutants: carbon monoxide, nitrogen dioxide (NO₂), ozone, and particulate matter. The majority of Florida is in attainment for sulfur dioxide (SO₂) and lead, with the exception of four small geographic areas centered around certain large sources in Hillsborough, Nassau, and Polk counties. These SO₂ and lead impacted areas are mainly due to the influence of large stationary emission sources (e.g. sulfuric acid plants and a battery recycling facility).

Although most air pollutants in Florida occur in concentrations well below the National Ambient Air Quality Standards (NAAQS), some can occur locally in concentrations that potentially affect the health of Florida's citizens. The pollutants of greatest concern are ground-level ozone and particulate matter, together with the precursors that form them (i.e., NO_x, SO₂, and volatile organic compounds [VOCs]). The use of legacy diesel-powered vehicles is a significant

contributor to the total emissions that lead to ground-level ozone formation and increased particulate matter concentrations. Local impacts from diesel exhaust includes a range of hazardous air pollutants, which are an additional health concern.

Per the 2014 National Emissions Inventory (NEI), Florida's total emissions of NO_x from mobile sources is 410,207 tons. Approximately 56 percent of this total is from diesel-powered mobile sources including:

- 100,076 tons from on-road diesel heavy duty vehicles;
- 63,691 tons from non-road diesel equipment;
- 49,780 tons from commercial marine vessels;
- 9,415 tons from diesel-powered locomotives; and
- 6,119 tons from on-road diesel light duty vehicles.

The 2014 NEI indicates that Florida's total emissions of fine particulate matter (PM_{2.5}) from mobile sources is 19,810 tons. Approximately 63 percent of this total is from diesel-powered mobile sources including:

- 5,682 tons from on-road diesel heavy duty vehicles;
- 4,840 tons from non-road diesel equipment;
- 1,389 tons from commercial marine vessels;
- 273 tons from diesel-powered locomotives; and
- 305 tons from on-road diesel light duty vehicles.

Florida's ambient monitoring network for PM_{2.5} shows that there are no areas of the state exceeding either the annual or 24-hour PM_{2.5} NAAQS.

The 2014 NEI indicates that Florida's total emissions of coarse particulate matter (PM₁₀) from mobile sources is 33,659 tons. Approximately 47 percent of this total is from diesel-powered mobile sources including:

- 8,564 tons from on-road diesel heavy duty vehicles;
- 4,990 tons from non-road diesel equipment;
- 1,476 tons from commercial marine vessels;
- 295 tons from diesel-powered locomotives; and
- 497 tons from on-road diesel light duty vehicles.

Florida's ambient monitoring network for PM₁₀ shows that there are no areas of the state exceeding the 24-hour PM₁₀ NAAQS.

Overall trends in the state's air quality are good. There does, however, remain work to address local impacts of emissions from older diesel engines, which are projected to remain a component of commercial and government operated vehicle fleets for many years. Encouraging voluntary measures with the aid of grant funding to address related air quality impacts is important to Florida's broader goal of improving air quality for the state's citizens and visitors.

VEHICLES AND TECHNOLOGIES:

As of the date of this submittal, the Department has identified AGSE as the funding target for the combined FY 2017 and FY 2018 DERA funds. The Department has conducted public outreach to determine the level of interest in this project category among governmental and non-governmental entities and potential project partners.

On February 7, 2018, the Department distributed a RFI to various Florida-based entities that may own eligible AGSE units. The Department provided 30 days for these entities to respond. The Department is reviewing the responses and following-up with potential project partners. The Department intends to identify projects within the next 30 to 60 days. The Department has preliminarily determined that these entities own and operate enough eligible units to exhaust the FY 2017 and FY 2018 DERA funds allocated to Florida (including the state's voluntary match). The Department's preliminary estimate is that approximately 140 AGSE units will be replaced or repowered using FY 2017 and FY 2018 DERA funds. Once the Department has identified the project partners, the Department will draft grant agreements specifying the requirements, scope, and budgets for the projects. The Department intends to finalize these grant agreements in July 2019.

The Department intends to utilize the following technologies in completing DERA-funded AGSE projects:

- **Certified Engine Replacement.** Engine replacement includes, but is not limited to, diesel engine replacement with an engine certified for use with diesel or a clean alternative fuel, diesel engine replacement with an electric power source (grid, battery, or fuel cell), and/or diesel engine replacement with an electric generator.
- **Vehicle and Equipment Replacements.** Non-road and highway diesel vehicles and equipment can be replaced under the DERA program with newer, cleaner vehicles and equipment that operate on diesel or alternative fuels and use engines certified by EPA and, if applicable, CARB to meet a more stringent set of engine emission standards. Replacement includes, but is not limited to, diesel vehicle/equipment replacement with newer, cleaner diesel, electric (grid, battery, or fuel cell), hybrid, or alternative fuel vehicles/equipment.

ROLES AND RESPONSIBILITIES:

The Department will work with entities identified during the state's AGSE outreach to select final project partners. The Department may elect to use Trust Funds to leverage resources beyond the stated voluntary match. As the lead agency designated by the Florida Governor under the Trust, the Department will be responsible for providing the incentive match from the Trust. All cost sharing requirements with project partners will be evaluated to meet minimum DERA guidelines but may be increased depending on the extent of interest from project partners. The Department's DERA Program will consider asking project partners to increase their cost share amount which will allow for the possibility of more DERA project partners and ultimately more units being repowered or placed. The Department's Division of Air Resource Management will be responsible for managing the state's DERA program including contract management and

purchasing. The Department's Bureau of Finance and Accounting within the Division of Administrative Services will submit to EPA grant drawdown requests after projects are completed.

TIMELINE AND MILESTONES:

The Department intends to identify a list of partners for the FY 2017 and FY 2018 DERA program in July 2018. The Department will then develop grant agreements with the selected project partner or partners in August 2018. The Department expects the FY 2017 and FY 2018 DERA program to follow this general timeline:

First AGSE Project Phase FY 2017 DERA funds spent during Florida's FY 2018-19

- August 2018 – Department develops grant agreements with the final project partner or partners for the FY 2017 DERA grant pursuant to Florida's FY 2018-19 budget authority.
- November 2018 – Deadline for project partners to select vendors for the project.
- May 2018 – Department conducts program evaluation to ensure progress on selected project or projects.
- June 2019 – Project partner or partners complete work under the grant agreement and provide all required documentation to the Department thereby becoming eligible for reimbursement.
- July 2019 – Department reimburses project partners for completed work pursuant to the grant agreement or agreements. Once reimbursements have been paid to the project partners, the Department will prepare and submit a reimbursement package to EPA.

Second Phase FY 2018 DERA funds spent during Florida's FY 2019-20

- July 2019 – Department develops grant agreements with the final project partner or partners for the FY 2018 DERA grant pursuant to Florida's FY 2019-20 budget authority.
- November 2019 – Deadline for project partners to select vendors for the project.
- May 2019 – Department conducts program evaluation to ensure progress on selected project or projects.
- June 2020 – Project partner or partners complete work under the grant agreement and provide all required documentation to the Department thereby becoming eligible for reimbursement.
- July 2020 – Department reimburses project partners for completed work pursuant to the grant agreement or agreements. Once reimbursements have been paid to the project partners, the Department will prepare and submit a reimbursement package to EPA.

DERA PROGRAMMATIC PRIORITIES:

Projects funded under the FY 2017 and FY 2018 DERA grants will align with EPA's programmatic priorities of achieving significant reductions in diesel emissions exposure from engines operating in areas with greater local air quality concerns relating to diesel vehicle emissions. These areas include places where AGSE projects are found (i.e., dense urban settings with large airports at which numerous AGSE units operate). As of the date of this submittal, the Department is evaluating AGSE projects with potential to address emissions both on the tarmac and in enclosed baggage loading areas. These emissions reductions will benefit airline and

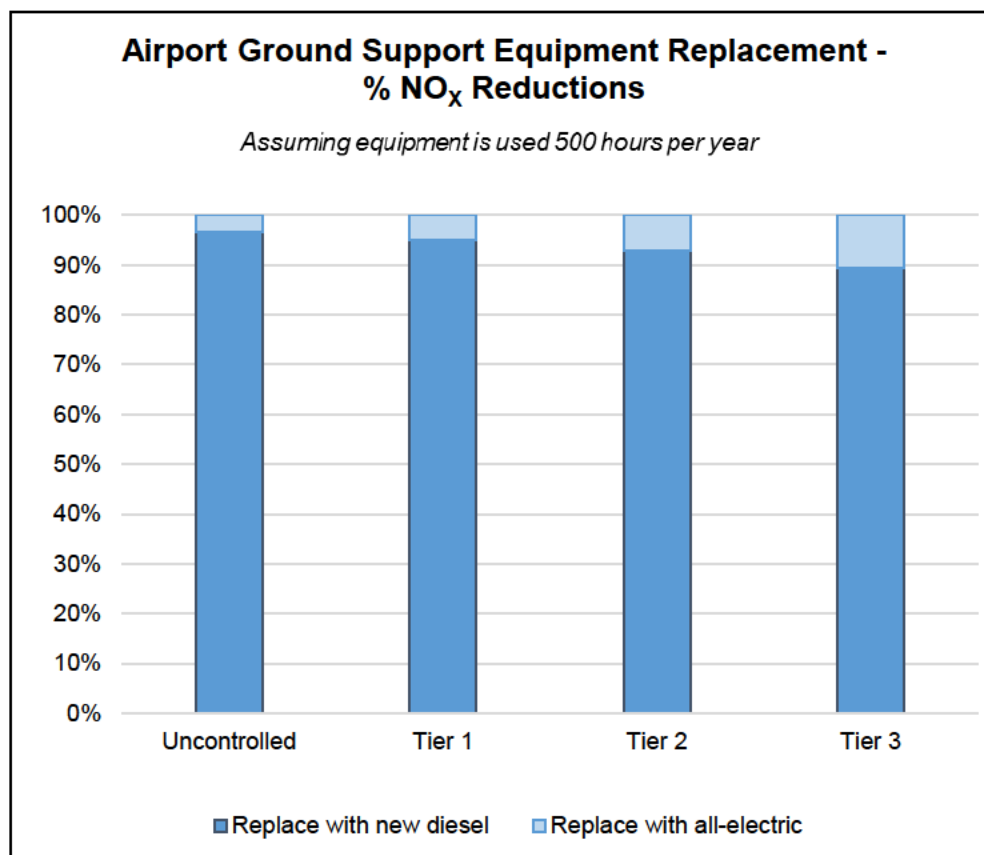
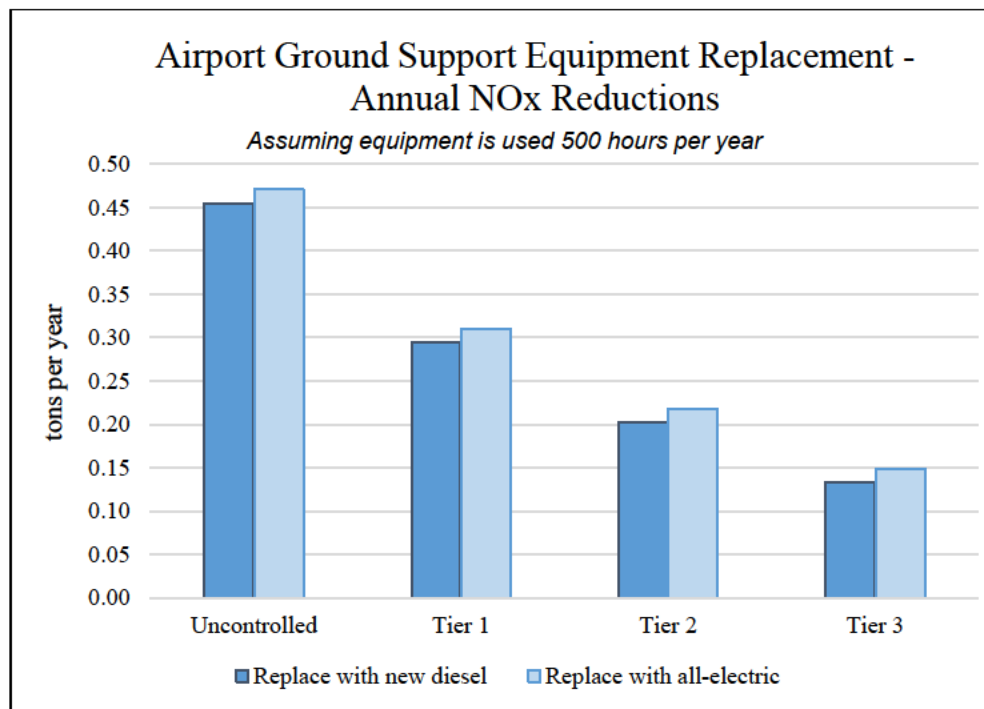
airport workers, and, at some airports, also benefit passengers who enplane and deplane on the tarmac. The Department is primarily considering diesel for electric AGSE replacements to address AGSE emissions. The decision to repower or replace eligible AGSE with new electric will be at the discretion of the project partner.

EPA’S STRATEGIC PLAN LINKAGE AND ANTICIPATED OUTCOMES/OUTPUTS:

Florida’s 2018 DERA grant program will fund mitigation actions consistent with EPA’s Strategic Plan for DERA programs to reduce local and regional air pollution from criteria pollutants and air toxics. The Department will utilize EPA’s Diesel Emissions Quantifier (DEQ – available at www.epa.gov/cleandiesel/diesel-emissions-quantifier-deq), among other tools, to quantify the emission reductions for each project. The Department will also utilize DEQ-modeled outputs, including the number of engines replaced or repowered, and document related outreach and communication efforts to link activities under Florida’s 2018 DERA grant program to EPA’s Strategic Plan. The graph below shows the relative NOx reductions for AGSE replacement with new Tier 4 standards.

The Department’s preliminary estimate is that approximately 140 AGSE units will be replaced or repowered using FY 2017 and FY 2018 DERA funds. Using DEQ defaults, the Department estimates the following NOx and PM2.5 reductions:

140 AGSE Units	Totals
Usage hours:	732
Horsepower:	175
Tier:	Tier 1 (Model Year 1999)
NOx reduced after replacing with new diesel:	61.185 tons
PM2.5 reduced after replacing with new diesel:	5.534 tons



SUSTAINABILITY OF THE PROGRAM:

The Department maintains a website that contains records related to past DERA-related projects:
http://www.dep.state.fl.us/air/about_air/Diesel-Emissions-Reduction-Act.htm.

The Department has also published a website relating to the Trust:
http://www.dep.state.fl.us/air/about_air/volkswagen-Settlement.htm.

Throughout the administration of Florida's 2017 DERA State Grant program, the Department will maintain a publicly accessible website and repository of data and information obtained through various outreach and procurement related activities. The Department anticipates utilizing the DERA Option under the Volkswagen Partial Consent Decree over the duration of programmatic activities related to implementation of the Volkswagen Environmental Mitigation Trust. The Department expects that DERA-related projects may occur over multiple years, and the benefits of such projects will be compounded by association with larger-scale diesel emission reduction and NO_x mitigation activities under the Volkswagen Environmental Mitigation Trust. The Department is committed to identifying, developing, and administering projects that maximize the environmental benefits that accrue through targeted diesel emission reduction efforts, consistent with the requirements of the Volkswagen Partial Consent Decree and DERA program. All projects funded through these programs will be documented and archived on a publicly available website, and they may be featured in targeted public communication efforts through web-based and conventional media outlets at both a local and state level.

BUDGET NARRATIVE

Itemized Project Budget

Budget Category	FY 2017*			FY 2018			Total
	EPA Allocation	Voluntary Match (if applicable)	Mandatory Cost-Share (if applicable)	EPA Allocation	Voluntary Match (if applicable)	Mandatory Cost-Share (if applicable)	
1. Personnel	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Fringe Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Travel	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Contractual	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Program Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Other	\$452,985	\$301,991	TBD (project partner is responsible)	\$423,030	\$282,020	TBD (project partner is responsible)	Approximately \$5.8 million

			for 75% of total AGSE project cost)			for 75% of total AGSE project cost)	
9. Total Direct Charges	\$452,985	\$301,991	TBD (project partner is responsible for 75% of total AGSE project cost)	\$423,030	\$282,020	TBD (project partner is responsible for 75% of total AGSE project cost)	Approximately \$5.8 million
10. Indirect Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$452,985	\$301,991	TBD (project partner is responsible for 75% of total AGSE project cost)	\$423,030	\$282,020	TBD (project partner is responsible for 75% of total AGSE project cost)	Approximately \$5.8 million

*FY 2017 budget is only for states and territories with open FY 2017 State DERA grants

Explanation of Budget Framework

- ***Personnel***

The Department does not intend to spend any DERA funds to support personnel expenses incurred during the administration of Florida's 2017 and 2018 DERA State Grant program. Work associated with the DERA program will be assumed by current Department staff.

- ***Fringe Benefits***

The Department does not intend to spend any DERA funds to cover fringe benefit costs incurred during the administration of Florida's 2017 and 2018 DERA State Grant program.

- ***Travel***

The Department does not intend to spend any DERA funds on travel costs incurred during the administration of Florida's 2017 and 2018 DERA State Grant program. Travel and other costs associated with the Department's attendance at the Southeast Diesel Collaborative have been budgeted within Department's existing budget and will not be funded by the DERA program.

- ***Equipment***

The Department does not intend to spend any DERA funds on equipment during the administration of Florida's 2017 and 2018 DERA State Grant program.

- ***Supplies***

The Department does not intend to spend any DERA funds on supply costs incurred during the administration of Florida's 2017 and 2018 DERA State Grant program.

- ***Contractual***

The Department does not intend to spend any DERA funds on contractual costs incurred during the administration of Florida's 2017 and 2018 DERA State Grant program.

- ***Other***

The Department intends to provide DERA funds (and associated Volkswagen Environmental Mitigation Trust Funds) through grant agreement relationships with program partners that have eligible projects under the DERA program. Because Florida has not yet identified specified partners or projects, the Department will amend Florida's DERA Workplan when such information becomes available. Once partners and projects have been identified, the state will comply with the state's procurement guidelines, which require competitive procurement.

- ***Indirect Charges***

The Department does not intend to spend any DERA funds on indirect charges incurred during the administration of Florida's 2017 DERA State Grant program.

Matching Funds and Cost-Share Funds

Florida plans to utilize matching funds and potentially overmatching funds from the Volkswagen Mitigation Trust for Florida's state match. In addition, the Department will require that all project partners meet the minimum DERA cost share requirements. As stated above, the Department may increase the level of cost share required by project partners. The Department will require that project partners meet all applicable cost-share requirements as specified in Table 5 of the FY 2017 and FY 2018 State Clean Diesel Grant Program Information Guide.